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22 JUL 1986

MEMORANDUM FOR: The Comptroller

FROM: Richard J. Kerr
Deputy Director for Intelligence

SUBJECT: FY88 and FY89 Base Reductions

Dan

1. The materials you received on Monday include Base Reductions to the DI's FY88 and FY89 programs, as we agreed at the ExCom meeting last month. To identify areas for reduction, I had to take account of the dynamic nature of the DI's Base, which has undergone many shifts over the years as new issues and requirements have arisen. In my view, that dynamism reflects our responses to priorities that change faster than the budget process can accommodate. The DI is in the midst of important investments in automating the production part of the intelligence cycle. To sustain that momentum and the levels of resources for the most important functions we perform, we have identified lower-priority programs and functions that can no longer be supported.

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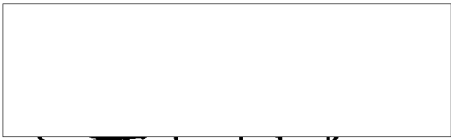
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4. The Intelligence Directorate has had the benefit, as other Agency components, of increasing resources over the past five years. To a considerable extent, we have grown into the higher levels of resources, as I hope is demonstrated by the character of the programmatic cuts we have identified. To come up with the total Base Reduction, we will also reduce contracts across the board. The result will be to slow the introduction of labor-saving innovations (database support contracts are one example, and limits on the video productions that have been so well-received are another) in order to preserve travel and training opportunities for our analytical corps.

5. Making these trade-offs has not been easy, but it is worthwhile because we and the rest of the Agency need to be prepared to adjust to new challenges and requirements. Some areas where we may need to devote new resources for the DI are already apparent--counterintelligence, SDIO support, and nuclear test monitoring are prominent examples. I would like to discuss these areas at the next ExCom meeting on the FY88 budget.


Richard J. Kerr

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*The decisions described above should
be (will be) discussed w/ DET + DNGI*

DK

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